



FIRST المطاحن  
MILLS الأولى

## Press Release

# Q2/H1 2024 Financial Results

*Issued by Investor Relations Department – July 2024*



## FIRST MILLS REPORTS SAR 242.3 MILLION REVENUE IN Q2 2024, WITH NET PROFIT UP 30.4% YEAR-ON-YEAR, DRIVEN BY STRONG SALES GROWTH ACROSS ALL PRODUCT CATEGORIES



**Jeddah, Saudi Arabia – 23 July 2024:** First Milling Company (“the Company”, or “First Mills”), a market-leading Saudi milling company producing high-quality flour, animal feed, bran and wheat derivatives, today announced its financial performance for the first half (“H1”) and second quarter (“Q2”) of 2024.

Commenting on the results, **Abdullah Ababtain, Chief Executive Officer of First Mills**, said, *"We are pleased to report positive second quarter and first half of 2024 results, marking the successful first anniversary of our listing on the Saudi Exchange. Our strong financial performance underscores our ability to drive revenue growth and profitability, particularly through the strategic expansion of our Flour and Feed sales. This achievement is a testament to our commitment to optimizing our operations, expanding our product portfolio, and diversifying our product mix."*

*In addition to our robust financial performance, we have continued to enhance our production capabilities, particularly with the completion of Mill C and the upgrade starting of Mill A in Jeddah Plant, which will significantly improve our available capacity utilization and efficiency. We remain focused on executing our strategic roadmap, which includes diversifying our product offerings, expanding our geographic reach, and delivering sustainable value to our shareholders."*



## FINANCIALS: STRONG REVENUE GROWTH DRIVEN BY FLOUR & FEED SALES YIELDING HEALTHY MARGINS

	H1 2024 (SAR Million)	H1 2023 (SAR Million)	% Change	Variance (SAR Million)
Sales/ Revenue	518.8	469.5	10.5%	49.3
Gross Profit	225.9	208.1	8.6%	17.8
Operational Profit (Loss)	158.2	142.3	11.2%	15.9
Net Profit (Loss) after Zakat and Tax	123.2	108.7	13.4%	14.6
Profit (Loss) per Share	2.23	1.96	13.4%	0.26
Gross Margin %	43.5%	44.3%	-1.8%	17.8
Operating Profit Margin %	30.5%	30.3%	0.6%	15.9
Net Profit Margin %	23.8%	23.1%	2.0%	14.6

First Mills achieved a 10.5% year-on-year (YoY) revenue growth in H1 2024, generating SAR 518.8 million. This topline growth was primarily driven by a 31.1% increase in Feed sales, attributed to favorable market conditions compared to the same period last year and the introduction of a new range in the Feed segment, including an entry into the poultry market. Despite a 6% decline in Bran sales due to strategic prioritization of Feed production, Flour sales grew by 7.3%, particularly boosted by the Aloula “small-pack” products, enabling First Mills to capture a larger share of the competitive retail market. The positive sales momentum was further supported by the capacity enhancements at the Jeddah plant and increased demand during the busy Ramadan season. Effective cost management, complemented by optimized Shariah-compliant Murabaha deposit interest income, contributed to a 13.4% rise in net profit, reaching SAR 123.2 million, equating to a net margin of 23.8%.

	Q2' 2024 (SAR Million)	Q2' 2023 (SAR Million)	% Change	Q1' 2024 (SAR Million)	% Change
Sales/ Revenue	242.3	214.0	13.3%	276.4	-12.3%
Gross Profit	100.4	88.0	14.1%	125.6	-20.0%
Operational Profit (Loss)	63.8	51.3	24.4%	94.4	-32.4%
Net Profit (Loss) after Zakat and Tax	45.5	34.9	30.4%	77.7	-41.4%
Gross Margin %	41.4%	41.1%	0.7%	45.4%	-8.8%
Operating Profit Margin %	26.3%	24.0%	9.8%	34.1%	-22.8%
Net Profit Margin %	18.8%	16.3%	15.1%	28.1%	-33.2%

For Q2 2024, revenue grew 13.3% year-on-year (YoY), driven by increases across all product categories, with Feed sales leading with double-digit growth of 36.3%. This impressive growth resulted from the Company's strategic decision to prioritize Feed production to meet rising demand. Additionally, Flour and Bran sales grew by 6.7% and 5.5% YoY. The overall strong performance across all product categories highlights the success of the Company's strategy to diversify its customer base and expand geographic coverage across the Kingdom.

Operating profit in the first half of 2024 reached SAR 158.2 million, an increase of 11.2%, while Q2 operating profit also increased by 24.4% to SAR 63.8 million, underscoring the Company's robust financial performance and its ability to maintain strong sales growth across all product categories.

Q2 2024 net profit increased by 30.4% to SAR 45.5 million, driven by continued growth in small pack products, which saw a 21% increase in volume. This was due to the strengthening of the Company's distribution network and expansion into new geographic areas, leading to improved product mixes with better margins.



The decline in revenue and net profit in the current quarter compared to Q1 2024 (Previous Quarter) is attributed to seasonal factors, particularly the Ramadan period in Q1, which traditionally drives a spike in demand for Flour. This surge is followed by a decline in consumption patterns in the subsequent quarter, impacting overall demand for flour and related products.

Capital expenditure (CAPEX) investments have proven effective, evidenced by higher capacity utilization following the completion of Mill C and the closure for capacity upgrade of Mill A in Jeddah Plant. This strategic move has significantly enhanced the Company's production efficiency and capacity.

First Mills maintained healthy net profit margins of 18.8% in Q2 2024, compared to 16.3% in the same period last year.

### **OPERATIONS: ENHANCED CAPACITY UTILIZATION AND COST EFFICIENCY DEMONSTRATING SUCCESSFUL CAPEX DEPLOYMENT**

In H1 2024, First Mills successfully balanced the announced closure for capacity upgrade of Mill A in Jeddah Plant with the completion of the higher-efficiency Mill C, resulting in increased capacity utilization. This strategic investment in upgrading production facilities has paid off, enabling the Company to achieve better output and operational efficiency. In the current period, the Company registered an installed wheat milling capacity utilization of 88%, an increase from 84% recorded at the last year's same period.

In Q2 2024, the Company successfully diversified its product mix, closing the gap in revenue contribution by category and meeting the growing demand for Feed products. Flour sales contributed 54.5% of revenue in Q2 2024, down from 57.9% in 2023. Bran sales' contribution to revenue decreased from 19.1% to 17.8%. Meanwhile, Feed sales saw a significant increase, contributing 27.7% of revenue compared to 23% in 2023, marking a 20.4% growth.

In Q2 and H1 2024, all of the Company's reporting regions experienced YoY revenue growth. In Q2, this was led by Qassim Plant which grew 26.9%, followed by Al Ahsa Plant at 10.1%, Jeddah Plant at 8.8%, and then Tabuk Plant at 4.6%.

### **SHAREHOLDER VALUE: CONSISTENT CASHFLOW GENERATION AND VALUE CREATION**

Leveraging its efficient working capital model, First Mills continues to generate substantial free cash flow, underscoring its commitment to strategic capital allocation and cash flow optimization. In H1 2024, the Company generated SAR 126.8 million in free cash flow, compared to SAR 111.9 million in H1 2023, demonstrating significant year-on-year improvement. The strategic increase in CAPEX last year fueled the Company's downstream expansion aspirations, providing a solid foundation for future growth and expansion opportunities. This investment in CAPEX has enabled First Mills to enhance its production capabilities, optimize costs, and strengthen its market position, ensuring sustainable long-term value for shareholders.

In conclusion, First Mills has demonstrated resilient and effective management in achieving robust financial performance, enhancing production capacity, and optimizing operational efficiency. The Company's strategic focus on diversifying product offerings and expanding market reach not only drove revenue growth and profitability but also positioned First Mills for continued success and value creation for shareholders.

--- ENDS ---





**The First Mills - Investor Relations Team** can be reached for any further inquiries on the following:

**Investor Relations Department**

**First Milling Company**

Tel: (+966) 126615845 Direct or (+966) 920010375 In-direct

Email: [IR@firstmills.com](mailto:IR@firstmills.com)

Address: 22312 Jeddah, Al-Baghdadiya (Saudi Business Center) 8<sup>th</sup> Floor

[www.firstmills.com](http://www.firstmills.com)

--- Disclaimer ---

All information included in this document is for general use only and has not been independently verified, nor does it constitute or form part of any invitation or inducement to engage in any investment activity, nor does it constitute an offer or invitation or recommendation to buy or subscribe for any securities in the Kingdom of Saudi Arabia, or an offer or invitation or recommendation in respect of buying, holding or selling any securities of the Company.

First Milling Company does not warranty, express or implied, is made, and no reliance should be placed by any person or any legal entity for any purpose on the information and opinions contained in this document, or its fairness, accuracy, completeness or correctness.

This document may include statements that are, or may be deemed to be, "forward-looking statements" with respect to the Company's financial position, results of operations and business. These views are based on current assumptions which are subject to various risks and may change over time. Information on the Company's plans, intentions, expectations, assumptions, goals and beliefs are for general update only and do not constitute or form part of any invitation or inducement to engage in any investment activity, nor does it constitute an offer or invitation or recommendation to buy or subscribe to any securities in any jurisdiction, or an offer or invitation or recommendation in respect of buying, holding or selling any securities of the Company. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those projected.

This document is strictly not to be distributed without the explicit consent of First Milling Company management under any circumstances.

